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STATE FOR EEB S/CT, INL AND EUR/WE
TREASURY FOR DO/IM

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TAGS: [EFIN](#) [ETTC](#) [KCRM](#) [KTFN](#) [PREL](#) [PTER](#) [FR](#)

SUBJECT: TERRORIST FINANCE: ILLICIT CASH COURIERS

REFTEL: STATE 152088

¶1. SUMMARY: France has had measures in place and investigative units dedicated to money laundering detection and prosecution since ¶1990. Cross-border movements of cash and other negotiable instruments worth 10,000 euros or more must be declared to Customs. In 2006, Customs seized 126 million euros in illicit trans-border cash shipments. The government expects to implement the EC Third Money Laundering Directive by the end of 2007.

¶2. Since 1st January 1990, French law has required that transfers by individuals of money, securities or other financial instruments either to or from a foreign country, be declared to the Customs Authority, if they exceed a certain amount. Law 96-392 of May 13, 1996 extended the definition of money laundering to cover gains from all criminal activities. The system currently in force stems from the law of 9 March 2004, which adapted previous legislation to changes in the criminal environment. EC Regulation No 1889/2005 of October 26, 2005 instituted an obligatory declaration for cash being brought into, or from, the EU.

¶3. Reporting Requirements: In order to achieve uniformity with the rest of the EU, the GOF supplementary budget law for 2006 raised the national threshold for declaration to 10,000 euros, applicable from 15 June 2007. Similar advance declarations provisions apply to transfers via post and commercial couriers. Several categories of institutions, including banks, are required to maintain records of all transactions over 8,000 euros as well as safe deposit box usage for a period of five years. The Third EC Money Laundering directive is to be implemented in France by the end of 2007.

¶4. Penalties: Where no declaration, or a false declaration, of transfer of capital is made, current legislation imposes sanctions, ranging from an administrative fine up to confiscation, when there is evidence of accompanying customs or other violations. Where a money laundering offense has occurred, separate criminal penalties of up to two to ten years in prison plus a 750000 euro fine (under Article 415 of the Customs Code) are also imposed.

¶5. Enforcement: The customs service is responsible for enforcement, as codified in articles 464 and 465 of the Customs Code. With a court order, Customs may hold cash instruments for three months, with the possibility of renewal, while it undertakes an investigation. Customs receives and files all declarations in a centralized anti-fraud data base. This data base can be searched in the context of customs or judicial investigations (on rogatory commission) to discover whether offenders have transferred or repatriated funds.

¶6. Results: In 2006, French Customs registered 1792 violations of declaration requirements for movement of cash and negotiable instruments (up 3.8 percent from 2005). Seizures totaled 126 million euros (up 4.9 percent from 2005). (Note: The seizure total does not include cash movements determined to be otherwise

legitimate and therefore only subject to a fine.)

STAPLETON #